IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CIVIL APPELLATE JURISDICITON

WRIT PETITION NO.6238 OF 2006
WITH
WRIT PETITION NO.6242 OF 2006

Rexford Electronics & Controls Ltd. .. Petitioner.
Versus
The Union of India & Others .. Respondents.

Mr.Jitu Motwani for the petitioner.
Mr.P.S. Jetly with Mr.N.D. Sharma i/by Mr.H.P. Chaturvedi for the respondents.

CORAM : H.L. GOKHALE, &
J.P. DEVADHAR, JJ.

DATED : 27TH SEPTEMBER, 2006.

P.C. :

1. Heard Mr.Motwani in support of these petitions. Mr.Jetly appears for the respondents.

2. Both these petitions seek to challenge the orders passed by the Settlement Commission to the extent they require the petitioner to pay interest @15%. Both these cases are of the same petitioner who have not honoured the export obligation and thereafter approached the Settlement Commission with respect to the amount of customs duty demanded. In both the matters, the customs duty was appropriately settled and the amount of duty have already been paid. the Settlement Commission, therefore, granted immunity from penalty and prosecution. However, it awarded interest @15%. The Settlement Commission had referred to a judgment of the Calcutta High Court in the case

of Commissioner of Customs (Port) V/s. Settlement Commission, Customs and Central Excise reported in 2005 (179) ELT 386 (Cal), where the Court has held that the payment of interest under a bond is a contractual obligation and the Settlement Commission has no power to grant immunity from interest covered by such bond. The Commission, therefore, held that the applicant will have to pay interest as prescribed under the bond. The Commission, therefore, referred to the rate of interest as prescribed by the Ministry of Commerce and Industry in Public Notice No.9/2002-2007 dated 22nd May, 2003. Under that notification, the rate of interest had been in fact reduced to 15%. The Commission had, therefore, directed the applicants to pay interest @15% per annum from the date it was due till it was paid.

3. In our understanding, there is full justification for the award of interest and proper explanation has been given as to why interest was awarded.

5. No reason to interfere. Both the petitions stand dismissed with no order as to costs.

(H.L. GOKHALE, J.)

(J.P. DEVADHAR, J.)